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HPSCI Gen File

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Director
Intelligence Community Staff
Washington, D.C. 20505

DCI/ICS 86-3689

27 March 1986

MEMORANDUM FOR: See Distribution

SUBJECT: Ten Percent NFIP Reduction--FY 1987

1. In a 25 March 1986 letter to the DCI (attached), Mr. Hamilton indicated that the HPSCI may be compelled to offer reductions for the NFIP comparable to those which may be imposed on DoD. The DCI has been asked to provide the Committee with the impact of a Gramm-Rudman-Hollings 10 percent sequestration on each NFIP program for FY 1987, as well as the impact of an NFIP-wide 10 percent reduction.

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2. I solicit your views on this subject and request you provide candidates for the 10 percent reduction and associated impacts for DCI consideration. Your response should be in sufficient detail to answer the first two questions posed in the attached correspondence and should be received by 4 April 1986.

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Attachment: a/s

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U.S. HOUSE OF REPRESENTATIVES

PERMANENT SELECT COMMITTEE
ON INTELLIGENCE

WASHINGTON, DC 20515

March 25, 1986

THOMAS K. LATIMER, STAFF DIRECTOR
MICHAEL J. O'NEIL, CHIEF COUNSEL
STEVEN K. BERRY, ASSOCIATE COUNSELHonorable William J. Casey
Director of Central Intelligence
Washington, D.C. 20505

Dear Mr. Casey:

The Committee will markup the fiscal year 1987 Intelligence Authorization Bill about April 15.

Congressional review of the overall budget, carried out by the Budget Committees, indicates that reductions of eight to twelve percent in budget authority will be required in the national security budget function. The Intelligence Committee may be expected to offer reductions comparable to those imposed on Defense as a whole.

It would be helpful to the Committee if you would respond by April 7 to the following:

1. If a Gramm-Rudman-Hollings sequestration of ten percent were imposed, what would be the impact on each NFIP program (OCP, CIAP, etc.)?
2. Assume that sequestration is to be avoided by a ten percent Congressional reduction. Most witnesses at our budget hearings have argued that across-the-board reductions are not the best way to reduce the budget. The general theme has been that some programs (particularly hardware-intensive programs) are better reduced by cancelling some programs rather than reducing all. Given this greater flexibility, what changes to the FY 1987 budget would you make to achieve a ten percent reduction? We assume that all projects would not be cut evenly and that the various NFIP programs would not be cut equally.
3. You have argued that intelligence is a high priority activity which must be reduced less than Defense may be reduced overall. Many Members of the Committee agree. However, Committee Members will be faced with the task of trying to support activities largely unknown to other Members in a very limited time and do so in forums which are unclassified. Naturally, other Members and Committees will have high priorities, too. We believe that it will be necessary for the

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President or the Secretary of Defense to state in some manner that he wishes intelligence programs protected (to some level which he would define) even at the expense of the rest of the Defense budget. Can such support from the President be expected?

We realize that these are very difficult questions. One witness, responding to question 2 stated that he could not answer because the Congress would have to tell him what it didn't want to buy. The Committee will do that for some items, but we believe you should have the opportunity to provide advice both now and as the budget process continues to unfold.

With best wishes, I am

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Lee H. Hamilton". The signature is fluid and cursive, with the first name "Lee" and last name "Hamilton" clearly distinguishable.

Lee H. Hamilton
Chairman